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DIVISION OF  
OIL, GAS & MINING

CHIEF CONSOLIDATED MINING COMPANY

Eureka, Utah 84628

Not Proxy Soliciting Material

mine file  
E. L. Brumpton  
11/049/009

minerals

DEAR SHAREHOLDER:

The following is an up-to-date report on activities involving separate segments of your Company's mining properties and interests in Utah, including work being performed by Sunshine Mining Company and Western Mining Corporation Holdings Limited of Australia (through its U.S. subsidiary).

SUNSHINE MINING COMPANY

*Unit Lease Properties:*

The Trixie Gold Mine was reopened by Sunshine in late October, 1987 after having been closed for over two years. Production is expected to be resumed within the next several weeks. Sunshine reported that it recently signed an agreement with Kennecott to furnish ore to Kennecott's Utah smelter at an initial 1,500 tons per month and that "... In the future we plan to increase this tonnage with the availability of stopes and mines." The resumption of gold and silver production from the Trixie Mine also will mean a restoration of earned royalty income to your Company from that source.

*Burgin Lease Property:*

Current *proven and probable* Burgin Mine reserves have a gross metallic value of over one-third of a billion dollars at current metals prices. This figure does not include substantial tonnages of *indicated* ore reserves that, without additional development drilling, do not qualify to be categorized as proven or probable. With the quantity and quality of the Burgin Mine reserves and all necessary permitting in place, the Burgin Mine has significant economic potential. Your Company is making every effort to insure that the Burgin Mine will be reopened for production in the shortest possible time. With this in view, preliminary discussions have been held with Sunshine for a possible restructuring of the agreements between Chief and Sunshine in a manner that would be beneficial to Chief and at the same time put the required Burgin financing in place.

WESTERN MINING CORPORATION

Western Mining began its exploration program on your Company's 5,000 acres of Main Tintic District properties on April 1, 1987. The exploration work has included diamond drilling, reverse circulation drilling, surface geochemistry, geophysical survey and aerial photography. Western reported that some anomalous gold and silver values were intersected in the reverse circulation drill holes but no intersections of economic grade were gained. Western also reported that a diamond drill hole gained a gold intersection of economic grade, but of unknown economic potential and that follow up drilling is being designed to further explore the area. Western is continuing its drilling, surface geological mapping and geochemistry with the objective of locating an economically viable deposit. Western has reported that emphasis will be placed on exploration above an elevation of 6,000 feet to permit quick access to a new discovery by adit or decline. The highest elevation in the Main District is 7,900 feet. Western plans to initiate a major reverse circulation drilling program in the Main District commencing in early November, 1987 which will include areas of Chief's property. The program will continue throughout the winter months if weather permits.



## CHIEF CONSOLIDATED MINING COMPANY—UNLEASED PROPERTIES

### *Homansville Area:*

Although Chief encountered fractured ground problems in the two drill holes put down to date, your Company is continuing its efforts to delineate the gold mineralization found in a previous drill hole intersect by Kennecott. An assay report was received in November, 1987 for the bottom four foot segment of a drill hole. This segment assayed at 0.14 ounces of gold and 0.4 ounces of silver per ton in an area approximately 65 feet above the targeted zone.

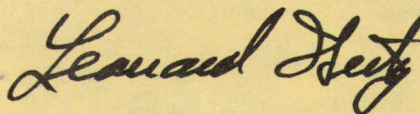
### *Southern Area Claims:*

The extensive exploration program of Western Mining in the Main Tintic District has created intensive interest in other relatively unexplored areas of the Tintic District. Your Management is examining the feasibility of deepening a prior Chief drill hole located south of the Burgin Mine that intersected low grade silver mineralization.

\* \* \*

Your Management is pleased to report that your Company's financial structure improved significantly during 1987. Chief's Balance Sheet as at September 30, 1987 includes \$1.4 million in U.S. Treasury Bills and no outstanding short or long term debt. The measure of a mining Company's value, in addition to the assets reflected on the Balance Sheet, is primarily determined by its ore reserves. The *storehouse of value* represented by such reserves becomes especially significant in times of economic uncertainty. The reserves contained in your Company's properties embody such a *storehouse of value* and your Management continues to remain highly optimistic regarding the future successful exploitation of your Company's extensive mining property holdings.

Sincerely yours,



LEONARD WEITZ  
Chairman and President

November 6, 1987